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**BEFORE THE ARIZONA
CORPORATION COMMISSION**

Docket No. E-01461A-08-0430

IN THE MATTER OF THE
APPLICATION OF TRICO
ELECTRIC COOPERATIVE, INC.,
AN ARIZONA NONPROFIT
CORPORATION, FOR A
PERMANENT RATE INCREASE,
FOR A DETERMINATION OF THE
FAIR VALUE OF THE
CORPORATION'S ELECTRIC
SYSTEM FOR RATEMAKING
PURPOSES, FOR A FINDING OF
A JUST AND REASONABLE RATE
OF RETURN THEREON, AND FOR
APPROVAL OF RATE SCHEDULES
DESIGNED TO DEVELOP SUCH
RETURN.

**NOTICE OF FILING DIRECT
TESTIMONY OF FRANK GRIJALVA**

Pursuant to the Administrative Law Judge's Procedural
Order (p. 2) dated September 18, 2008, Local Union 1116,
International Brotherhood of Electrical Workers, AFL-CIO,
CLC ("IBEW Local 1116"), by and through undersigned counsel,
hereby provides notice of its filing of the attached Direct
Testimony of Frank Grijalva in this docket.

RESPECTFULLY SUBMITTED this 27th day of February 2009.

LUBIN & ENOCH, P.C.

Nicholas J. Enoch, Esq.
Attorney for Intervenor

1 ORIGINAL and thirteen (13) copies
2 of IBEW Local 1116's Testimony filed
3 this 27th day of February, 2009, with:

4 Arizona Corporation Commission
5 Docket Control Center
6 1200 West Washington Street
7 Phoenix, Arizona 85007-2996

8 COPIES of the foregoing
9 transmitted electronically
10 this same date to:

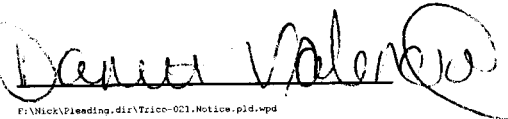
11 Jane L. Rodda, Administrative Law Judge
12 Hearing Division
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24 F:\Wick\Pleading_dir\Trico-003.Motion.pld.wpd

1 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A1. Frank Grijalva. My business address is 750 South Tucson
3 Boulevard, Tucson, Arizona 85716-5689.

4 **Q2. PLEASE DESCRIBE YOUR RECENT EMPLOYMENT.**

5 A2. I am the Business Manager/Financial Secretary for Intervenor
6 Local Union 1116, International Brotherhood of Electrical
7 Workers, AFL-CIO ("IBEW Local 1116"). The position of
8 Business Manager/Financial Secretary is an elected union
9 position and, due to the retirement of my predecessor, I was
10 appointed by our Executive Board to my present position in
11 October 2007. Because all IBEW local unions also have a
12 person holding the position of "President," it is common for
13 persons outside of our organization to believe that the
14 "President" is the principal officer of the Local. That is
15 not the case. Article 17, §§ 4 and 8 of the Constitution of
16 the International Brotherhood of Electrical Workers, AFL-
17 CIO, clearly states that the Business Manager/Financial
18 Secretary is the "principal officer" of any IBEW local
19 union.

20 Prior to my becoming Business Manager/Financial
21 Secretary for IBEW Local 1116, I was employed by the
22 Tucson Electric Power Company ("TEP") for twenty-two
23 (22) years in a variety of bargaining unit positions,
24 the last of which was as a Designer for Transmission
25 and Distribution Construction. While employed at TEP,
26 I was a very active member of IBEW Local 1116,
27 including previously serving as the Local's President
28 and in other positions on the Executive Board.

1 **Q3. WHAT IS IBEW LOCAL 1116?**

2 A3. IBEW Local 1116 is the labor organization which serves as
3 the exclusive representative for, *inter alia*, approximately
4 one-hundred (100) employees of Trico Electric Cooperative,
5 Inc. ("Trico"). IBEW Local 1116 and Trico have been parties
6 to a long series of collective bargaining agreements ("CBA")
7 concerning rates of pay, wages, hours of employment, and
8 other terms and conditions of employment at Trico. The
9 current CBA remains in force between the parties with the
10 earliest date of termination being December 31, 2011. IBEW
11 Local 1116 represents all of Trico's employees except for
12 managerial, professional and administrative employees, who,
13 because of the nature of their work, are identified with the
14 executive and supervisory functions.

15
16 In addition to representing the employees at Trico, IBEW
17 Local 1116 also represents several hundred non-managerial
18 workers at TEP. While TEP is not directly involved in this
19 case, the fact remains that due to their physical proximity
20 to each other, TEP and Trico compete against each other for
21 highly skilled utility workers in what I would generally
22 call the Tucson labor market. Thus, it is very difficult,
23 if not impossible, to assess the reasonableness of Trico's
24 labor costs without some comparison to that of TEP. After
25 all, many of Trico's employees reside in the TEP
26 certificated area and vice versa.

27 To learn more about IBEW Local 1116, I invite you to visit
28 our website at www.ibew1116.com.

1 **Q4. DO YOU BELIEVE TRICO IS A RESPONSIBLE CORPORATE CITIZEN?**

2 A4. Absolutely. While by no means perfect, the relationship
3 between IBEW Local 1116 and Trico is one which is mature and
4 stable. It is clear that this stability has benefited
5 Trico, its employees, and customers. In my opinion, the
6 importance of the strong and stable relationship between a
7 public service corporation and its employees cannot be
8 overstated. I firmly believe that my opinion in this
9 regard is shared by the executives at Trico.

10 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A5. I am testifying in support of Trico's Application for a
12 hate hike.

13
14 As you know, Article XV, §3 of the Arizona Constitution
15 expressly states that the interests of public service
16 employees are on par with those of patrons. It reads as
17 follows:

18 The corporation commission shall have full
19 power to, and shall ... make reasonable
20 rules, regulations, and orders, by which such
21 [public service] corporations shall be
22 governed in the transaction of business
23 within the State, and ... make and enforce
24 reasonable rules, regulations, and orders for
25 the convenience, comfort, and safety, and the
26 preservation of the health, of the **employees**
27 and patrons of such corporations[.]
28

1 On behalf of its own members, as well as tens of thousands
2 of patrons of Trico, IBEW Local 1116 believes this
3 proceeding provides it with a unique and timely opportunity
4 to express to this Commission our qualified support of
5 Trico's Application and our reasons for doing so.
6

7 It goes without saying that it costs a substantial amount of
8 money for a public service corporation to hire, train, and
9 maintain a highly skilled work force. Similarly, it costs a
10 great deal of money for any public service corporation to
11 preserve the safety and health of its employees and patrons.
12 Unlike Trico's rates, the wages paid by Trico to its
13 employees, and, indirectly, to the employees of its
14 contractors, have continued to rise over the past few years.
15 Given the aging of certain segments of Trico's workforce
16 and, indeed, the utility workforce in general, it is
17 critically important that Trico should have the financial
18 ability to attract and retain a highly skilled workforce.
19 This is particular true if Trico continues to grow at even a
20 fraction of the rate that it has in recent years. As to
21 this point, I fully agree with the underlying premise behind
22 that Trico's Application that exhortations to "work harder"
23 and "work smarter" cannot change the fundamental nature of
24 increasing marginal costs of serving an ever growing base of
25 customers. Our International President, Edwin D. Hill, made
26 similar points in his 2008 State of Our Union address
27 regarding the utility sector, the webcast of which is
28 available at www.ibew.org/sou-cbs/index.asp.

1 In these tremendously difficult economic times, I am certain
2 that many in the public may not understand, or want to
3 understand, the need to raise their electric rates, in part,
4 for this reason, but I can assure you Trico is competing for
5 a talented workforce, particularly when it comes to linemen
6 and all aspects of the skilled construction workforce.

7 Unlike most of the national and local economy, this is one
8 portion of the job market where demand outpaces supply.

9 Unless Trico has the ability to provide a highly competitive
10 employment package, you can be assured that Trico and, in
11 turn, the public will suffer. I hope that this Commission
12 and its Staff bear this in mind, for, in my opinion, it is
13 in the interests of all consumers to have a highly skilled
14 workforce providing safe and reliable service even if that
15 means that they are paying, what they at least believe to
16 be, something more than rock-bottom prices for electric
17 service. To this end, IBEW Local 1116 believes that the
18 rate relief proposed in this case will help ensure that
19 Trico will be able to meet its commitments to its employees
20 and customers in the years to come.

21
22 **Q6. DO YOU BELIEVE THAT TRICO IS ENTITLED TO AN INCREASE IN ITS**
23 **RATES AS CLAIMED, AND IN THE AMOUNTS SET FORTH, ON PAGES**
24 **THREE AND FOUR OF CAROLINE M. GARDINER'S PRE-FILED TESTIMONY**
25 **DATED AUGUST 15, 2008?**

26 A6. Yes.
27
28

1 Q7. ON PAGE FOUR OF HIS PRE-FILED TESTIMONY DATED AUGUST 15,
2 2008, MARK W. SCHWARTZ BRIEFLY DISCUSSED THE FACT THAT
3 "TRICO IS EXPERIENCING SIGNIFICANTLY HIGHER... LABOR...
4 COSTS TO MEET THIS GROWTH." DO YOU HAVE ANY COMMENTS OR
5 OBSERVATIONS THAT YOU WOULD LIKE TO SHARE WITH THE
6 COMMISSION REGARDING THIS TOPIC?

7 A7. Yes. While IBEW Local 1116 does not dispute the fact that
8 the costs associated with employee benefit plans and, in
9 particular, health care insurance have grown significantly
10 in recent years, I also believe that the point should be
11 made that IBEW Local 1116 has worked with Trico to mitigate
12 the expenses associated with such plans. An increase in
13 rates should be such that it would eliminate whatever
14 pressure is on Trico to increasingly shift healthcare costs
15 to its represented employees.

16 Q8. DOES THIS CONCLUDE YOUR TESTIMONY?

17 A8. Yes.

18 F:\Law Offices\client directory\IBEW L. 1116\021\Pleadings\2009-02 26 GrijalvaTestimony-021.pld.wpd